

FISCAL NOTE

SB 2285 - HB 3204

March 12, 2002

SUMMARY OF BILL:

- Prohibits health insurance plans, including TennCare MCOs, from utilizing differential cost-sharing arrangements for pharmaceutical benefits under certain conditions.
- Requires such requirements to be clinically proven. Plans cannot require a physician to switch medications previously used when a generic drug is not available.
- Sets requirements for timely response to pre-approval requirements including 24 hour, 7 day response by actual personnel to such requests.
- Requires a seven-day supply of drugs for acute conditions and prohibits differential cost sharing arrangements based on cost, therapeutic form, regulatory or patent status of a drug.
- Requires plans to consider appeals for coverage decisions and to pay for prescriptions during the duration of the appeal.
- Gives providers and beneficiaries the right to appeal in court any such actions and obtain attorney fees, court costs, prior excess payments and penalties up to \$100,000. This provision applies to decisions made within the last five years.
- Allows complainants to obtain an injunction against insurance providers violating the law, which would deny the insurer the right to do business for one year.
- Prohibits the insurer from intentional disregard for a physician's views on proper patient therapy and allows court action to obtain compensation in court appropriate to deter such behavior.
- Specifies that the bill applies to persons eligible for Medicaid, the State Children's Health Insurance Plan and a State Pharmacy Assistance Plan. Also covers all health maintenance programs and health insurance companies.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$34,000 Recurring
\$2,000 One-Time**

**Other Fiscal Impact - Increase Federal Expenditures - \$34,000 Recurring
\$2,000 One-Time**

Assumes a need for one position and related expenses in the Department of Commerce and Insurance to facilitate compliance efforts based on the bill's requirements.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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